

**AUDIT COMMITTEE
20 SEPTEMBER 2012**

Present: Councillors Cartwright (Vice-Chair), Hodges (as the duly appointed substitute for Cllr Birch), Poole and Pragnell (Chair).

Apologies for absence were received from Councillors Corello and Birch.

7. DECLARATIONS OF INTEREST

There were no declarations of interest made at the meeting.

8. MINUTES

RESOLVED – (unanimously) that the minutes of the meeting held on 5 July 2012 be approved and signed by the Chair as a true record.

9. ANNUAL GOVERNANCE STATEMENT 2011/12

The Chief Auditor submitted his report and Annual Governance Statement 2011-12 to the Committee. The Annual Governance Statement for 2011-12 was appended to the report.

The purpose of the report was to provide assurance to the Committee that the Council's governance framework was adequate and effective. The Statement contained a number of changes to the Council's Structure and Governance arrangements. These included the change in the organisational structure of the Council following the senior management structure review and a new requirement stating how the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on 'the Role of the Chief Finance Officer in Local Government (2010)'. Whilst he reported that there were no significant governance issues, there are 2 significant issues that the Council is keeping under review. These are the reduction in Government grant funding and emerging issues arising out of the Localism Act.

The Committee was asked to recommend that the Leader and the Director of Corporate Resources sign the Annual Governance Statement 2011/12 on behalf of the Council in accordance with the Accounts and Audit Regulations 2011.

Members asked questions of The Chief Auditor specifically on the work of the Corporate Risk Management Group, effectiveness of the Whistle Blowing Policy and Community Right to Challenge Scheme.

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The Director of Corporate Resources confirmed that a report was in the process of being submitted to Cabinet for consideration regarding the Community Right to Challenge Scheme.

RESOLVED – (unanimously) that the Audit Committee recommends that the Leader and the Director of Corporate Resources sign the Annual Governance Statement

10. ANNUAL GOVERNANCE REPORT 2011/12

The Head of Finance submitted his report to consider the matters raised by the Council's external auditors (PKF) in respect of their Annual Governance Report. This included an unqualified opinion of the Council's 2011-12 accounts, and their value for money assessment of the Council. The Annual Governance Report for 2011-12 was appended to the report.

The PKF partner informed the Committee of the satisfactory conclusion obtained in his review of the Annual Governance Report 2011-12. He stated that this was an efficient audit, helped by the early review of transactions relating to significant projects the Council had commenced and a common understanding of technical issues arising. A minor error in the classification of trade debtors and prepayments in the notes to the balance sheet was amended, this he said did not effect the reported financial position. In summary, he concluded this was a very positive report and that his detailed assessment of Hastings Borough Council was considered to be 'value for money' in the provision of its services.

The Director of Corporate Resources added that it was an extremely good report which reflected well on the Head of Finance, the Chief Accountant, their staff and the organisation as a whole.

Members asked questions of the Head of Finance.

Councillor Pragnell offered his thanks and congratulations to officers for their work in achieving a good report.

RESOLVED – (unanimously) that the Audit Committee note the audit report and action plan.

11. FINAL ACCOUNTS

The Head of Finance submitted a report setting out the final accounts position for 2011-12. The Committee was asked to approve the Statement of Accounts on behalf of the

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Council in accordance with the Accounts & Audit Regulations 2012. Appended to the full report was the Financial Report 2011-12.

The Head of Finance identified three new areas within the report; Local Authority Mortgage Scheme, Heritage Assets and Pension Fund. He thanked officers for their excellent work in achieving a positive report.

Members discussed these new areas as well as the localisation of Council Tax Benefit and population figures and asked questions of the Head of Finance. It was agreed to amend the Census information in next year's figures.

RESOLVED – (unanimously) that the draft Statement of Accounts be approved and a copy signed by the Chair of the Audit Committee in accordance with the Accounts & Audit Regulations 2012.

12. APPOINTMENT OF PKF (UK) LLP AS EXTERNAL AUDITOR & AUDIT FEES 2012/13 AND BEYOND

The Chief Auditor submitted his report to the Committee on the appointment of PKF (UK) as the Council's External Auditors for the next five years and the Audit fees 2012/13.

The report confirmed the appointment of PKF (UK) LLP as external auditor to Hastings Borough Council for five years from 2012/13.

Robert Grant, PKF partner, presented the report to the Committee. He confirmed the Council's external fee will reduce by 40% and the fee for the audit of grant claims and other returns will reduce by 35%. Both sets of fees would now be fixed for a period of 5 years.

Members asked questions of Robert Grant, PKF partner.

RESOLVED – (unanimously) that the Audit Committee notes the report.

13. HASTINGS BOROUGH COUNCIL'S CORPORATE RISK REGISTER

The Chief Auditor submitted a report (on behalf of the Corporate Director of Environmental Services) on the Corporate Risks facing Hastings Borough Council and provided assurance that control arrangements are in place. Appended to the report was the Corporate Risk Register.

The report informed the committee of the changes during the year and listed the highest level risks that are the focus of the Council into the future.

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The Chief Auditor explained that here had been one new risk to appear on the register and remain since the report was last accepted. This was 'extreme weather' and he assured the Committee that this risk was being managed.

The Committee discussed the Corporate Risk Register in detail, particularly surrounding the impact on changes in the Welfare Benefit Systems and Community Right to Challenge Scheme and asked questions to which satisfactory answers were given.

RESOLVED – (unanimously) that the Audit Committee accept the report subject to the Corporate Risk Register being updated in accordance with the discussions.

(The Chair declared the meeting closed at 7.20pm)